

**CITY OF GUTTENBERG**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD  
JULY 1, 2013 THROUGH JUNE 30, 2014**

## TABLE OF CONTENTS

		<u>Page</u>
Officials		3
Independent Accountant's Report on Applying Agreed-Upon Procedures		4-6
Detailed Recommendations:	<u>Finding</u>	
Financial Reporting	A	8
City Council Meeting Minutes	B	8
Revenue Bonds	C	8
General Obligation Bond Proceeds	D	8
Unclaimed Property	E	9

# CITY OF GUTTENBERG

## OFFICIALS

<u>Name</u>	<u>Title</u> (Before January, 2014)	<u>Term Expires</u>
Russell Loven	Mayor	Jan. 2016
Ralph Livingston	Mayor Pro tem	Jan. 2014
Steve Friedlein	Council Member	Jan. 2014
David Schlueter	Council Member	Jan. 2014
Virginia Saeugling	Council Member	Jan. 2016
Jane Parker	Council Member	Jan. 2016
Barry Dykhuizen	City Manager/Clerk/Treasurer	Oct. 2013
Julie Zittergruen	Assistant City Manager/Deputy Clerk	Indefinite
Michael Schuster	Attorney	Indefinite
(After December, 2013)		
Russell Loven	Mayor	Jan. 2016
David Schlueter	Mayor Pro tem	Jan. 2018
Virginia Saeugling	Council Member	Jan. 2016
Jane Parker	Council Member	Jan. 2016
Steve Friedlein	Council Member	Jan. 2018
Fred Schaub	Council Member	Jan. 2018
Mary Willett	City Manager/Clerk/Treasurer	Indefinite
Julie Zittergruen	Assistant City Manager/Deputy Clerk	Indefinite
Michael Schuster	Attorney	Indefinite

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## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor  
and Members of the City Council:

We have performed an agreed-upon procedures engagement of the City of Guttenberg pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide certain minimum oversight of Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of Guttenberg for the period July 1, 2013 through June 30, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. We reviewed City funds for consistency with the City Finance Committee's (CFC) recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.

6. We reviewed the City's fiscal year 2014 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. We reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable for proper support and compliance with Chapter 403-19(6) of the Code of Iowa.
12. We reviewed and tested selected receipts for accurate accounting and consistency with CFC recommended Chart of Accounts.
13. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended Chart of Accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
14. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
15. We reviewed and tested selected payroll and related transactions for propriety, proper authorization, and accurate accounting.
16. We reviewed the annual certified budget for proper authorization, certification, and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

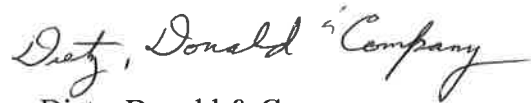
We were not engaged to and did not conduct an audit of the City of Guttenberg, the objective of which is the expression of opinions on the City's financial statements. Accordingly, we do not express opinions on the City's financial statements. Had we performed additional procedures, or had we performed an audit of the City of Guttenberg additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees, citizens and customers of the City of Guttenberg and other parties to whom the City of Guttenberg may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Guttenberg during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

December 3, 2014

  
Dietz, Donald & Company  
Certified Public Accountants  
FEIN 42-1172392

## DETAILED RECOMMENDATIONS

CITY OF GUTTENBERG  
DETAILED RECOMMENDATIONS  
For the Period July 1, 2013 through June 30, 2014

- [A] Financial Reporting - Receipts of \$ 30,000 from the Firemen's Association and \$ 8,073 to the Revolving Loan Fund were coded as "other financing sources" rather than as "miscellaneous receipts."

Recommendation - The City should implement procedures to ensure receipts are properly coded.

- [B] City Council Meeting Minutes - The selected meeting minutes were not signed by the Mayor as required by Chapter 380.7 of the Code of Iowa.

Recommendation - The minutes record should be signed by the Mayor to authenticate the actions taken as required.

- [C] Revenue Bonds - The City's sewer revenue bond resolution requires the City to establish, impose, adjust and provide for the collection of rates to be charged to utility customers to produce net operating receipts equal to at least 110% of the principal and interest due in each fiscal year. The City's fiscal year 2014 net sewer receipts of \$ 87,955 were less than 110% of the \$ 158,727 of sewer revenue bond principal and interest due during fiscal year 2014.

Recommendation - The City should review its sewer rate structure and expenses and adjust to ensure collection of net receipts of at least 110% of the principal and interest payments due in the fiscal year.

- [D] General Obligation Bond Proceeds - The proceeds from the June 11, 2014 general obligation bond issue included \$ 937.01 of accrued interest. Chapter 384.4 of the Code of Iowa states in part, "Moneys pledged or available to service general obligation bonds, and received from sources other than property tax, must be deposited in the debt service fund."

Recommendation - The City should transfer \$ 937.01 from the Special Revenue, Local Option Sales Tax Fund to the Debt Service Fund. In addition, procedures should be established to ensure that any accrued interest or bond premiums received upon issuance of general obligation bonds are deposited in the debt service fund.



CITY OF GUTTENBERG  
DETAILED RECOMMENDATIONS  
For the Period July 1, 2013 through June 30, 2014

- [E] Unclaimed Property - Chapter 556.11 of the Code of Iowa requires each City Clerk to report and remit outstanding obligations, including checks, held for more than two years to the Office of Treasurer of State annually. The City has not remitted unclaimed property to the Office of Treasurer of State annually.

Recommendation - The City should implement procedures to ensure outstanding checks are reviewed annually and amounts over two years old are remitted to the Office of Treasurer of State, as required.